

THE HONORABLE THOMAS S. ZILLY

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MELISSA HYATT; MICHAEL PHILLIPS;
SHANNON GRODA; and JOSHUA
FORREST,

Plaintiffs,

v.

STUDENT LOAN XPRESS, INC., a
Delaware Corporation; LIBERTY BANK,
N.A., an Ohio Corporation; AMERICAN
EDUCATION SERVICES, a Pennsylvania
Corporation; and DOE LOAN COMPANY I-
V,

Defendants.

STUDENT LOAN XPRESS, INC.,

Counterclaimant,

v.

MELISSA HYATT; MICHAEL PHILLIPS;
SHANNON GRODA; and JOSHUA
FORREST,

Counter-Defendants.

No.: C09-1324-TSZ

STIPULATION AND PROPOSED ORDER
TO STAY ACTION PENDING
APPROVAL OF NATIONWIDE CLASS
ACTION SETTLEMENT

1. Defendants Student Loan Xpress, Inc. ("SLX"), Liberty Bank, N.A. and American Education Services, which is the fictitious name of the Pennsylvania Higher Education Assistance Agency (collectively, "Defendants"), and Plaintiffs Melissa Hyatt, Michael Phillips, Shannon Groda, and Joshua Forrest (collectively, "Plaintiffs") hereby respectfully move for and request a stay of these proceedings pending preliminary and final approval of a related nationwide class action settlement (the "Nationwide Settlement") pending in the United States District Court for the Middle District of Florida (*Holman et al. v. Student Loan Xpress, Inc.*, Case No. Case No. 8:08-cv-100305, filed February 13, 2008) (the "Florida Action"). This stipulated request is made on the following grounds:

2. This action was removed to this Court on September 18, 2009.

3. The Complaint asserts claims on behalf of certain student-borrowers who attended a helicopter school – Silver State Helicopters, LLC ("Silver State") – which ceased operations and filed a voluntary petition for relief under chapter 7 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.*, in the United States District Court for the District of Nevada in February 2008.

4. Silver State is not a party to this action, but rather, the Complaint asserts a claim against Defendants who hold, service, originated, and/or funded the loans taken out by Plaintiffs to finance their education at Silver State.

5. This action is the latest in a series of actions filed against SLX (and in some instances, the other Defendants) relating to the closure and bankruptcy of Silver State and Silver State's business practices. The other actions include a nationwide putative class action in the Florida Action, a California-only putative class action in the Northern District of California (the "California Action"), and a South Carolina-only putative class action in the United States District Court for South Carolina (the "South Carolina Action").

6. On October 27, 2009, Defendant SLX, plaintiffs' counsel in the Florida Action, and plaintiffs' counsel in the California Action filed a joint motion for preliminary

1 approval of the Nationwide Settlement in the Florida Action. If approved, the Nationwide
2 Settlement would, among other things, resolve the claims asserted against all the Defendants
3 in this action. Plaintiffs will be eligible to participate in Nationwide Settlement.

4 7. The Nationwide Settlement provides substantial relief to putative class
5 members in the form of debt forgiveness and other benefits. It is supported by Attorneys
6 General for twelve states, including Robert McKenna, the Attorney General of the State of
7 Washington.

8 8. Concurrent with their motion seeking preliminary approval of the
9 Nationwide Settlement, the parties in the Florida Action submitted a joint motion to enjoin
10 related actions in state or federal court – including this action – pending final approval of the
11 Nationwide Settlement.

12 9. The motion for preliminary approval in the Florida Action is pending.
13 Upon receiving preliminary approval, the parties will provide notification to the class and
14 will proceed towards final approval. The final approval hearing in the Florida Action is
15 likely to occur in March 2010.

16 10. In light of the Nationwide Settlement and the pending motion for a
17 preliminary injunction in the Florida Action that would enjoin the prosecution of this action
18 pending final approval of the Nationwide Settlement, the parties to this action jointly request
19 a stay of all litigation activity until thirty (30) days after the District Court in the Florida
20 Action rules on a motion for final approval of the Nationwide Settlement. The parties further
21 agree that a stay of litigation will conserve private and judicial resources, as the Nationwide
22 Settlement may eliminate any need for litigation in this action.

23 11. Pursuant to the terms of the Nationwide Settlement, the California
24 Action has been dismissed without prejudice as to Defendants SLX and American Education
25 Services (Defendant Liberty Bank was not a party in the California Action). Further, the
26 South Carolina action has been stayed in light of the Nationwide Settlement.

12. Defendants have answered the Complaint in this action. Initial disclosures pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure and a Combined Joint Status Report and Discovery Plan pursuant to Rule 26(f) of the Federal Rules of Civil Procedure and Local Rule CR 16 currently are due on November 23, 2009. There are no other pending deadlines.

13. The parties shall submit a status report within sixty (60) days from the date of entry of an order approving the stipulated stay. The status report will advise the Court of the progress of the Nationwide Settlement.

14. A proposed order is attached hereto.

DATED: November 16, 2009

BULLIVANT HOUSER BAILEY PC

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

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No.: C09-1324-TSZ

PROPOSED ORDER TO STAY ACTION
PENDING APPROVAL OF NATIONWIDE
CLASS ACTION SETTLEMENT

1 This matter comes before the Court upon the parties' stipulation and proposed
2 order to stay of all litigation activity pending approval of a nationwide class settlement by the
3 Honorable Steven D. Merryday in the United States District Court for the Middle District of
4 Florida in *Holman et al. v. Student Loan Xpress, Inc.*, Case No. Case No. 8:08-cv-100305
5 (filed February 13, 2008) (the "Florida Action"). The Court finds good cause to grant a stay.
6 Therefore, all litigation activity in this action shall be stayed until thirty (30) days after the
7 District Court in the Florida Action rules on a motion for final approval of the nationwide
8 class action settlement. The Court orders the parties to advise of the progress of the
9 nationwide settlement in the Florida Action by filing a written report no later than sixty (60)
10 days from the date of entry of this order.

11 **IT IS SO ORDERED**

12 Date: November __, 2009

13 Hon. Thomas S. Zilly
14 United States District Court
15 West District of Washington

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